

2019 Regular Session

SENATE BILL NO. 242 (Substitute of Senate Bill No. 179 by Senator Allain)

BY SENATOR ALLAIN

MINERALS. Provides for a continuing security interest clause in mineral leases. (8/1/19)

1 AN ACT

2 To enact R.S. 30:127(H), relative to mineral royalties; to provide for mineral leases; to

3 provide for authority of the State Mineral and Energy Board; to provide for security

4 interests on royalties of oil and gas produced on state lands; to provide for terms,

5 conditions, procedures, requirements, and effects; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 30:127(H) is hereby enacted to read as follows:

8 §127. Opening bids; minimum royalties; terms of lease; deposit; security

9 * * *

10 H. The board may include in any contract of lease entered into by the

11 state, any state agency, or any political subdivision after July 31, 2019, and in

12 each previously executed lease entered into that is subsequently assigned,

13 amended, or modified by agreement of the parties after July 31, 2019, a clause

14 which grants a continuing security interest in and to all as-extracted collateral

15 attributable to, produced, or to be produced, from the leased premises or from

16 lands pooled or unitized therewith, as security for the prompt and complete

17 payment and performance of the lessee's obligation to pay royalties or other

1 **sums of money that may become due under the lease, as contemplated by the**
2 **Uniform Commercial Code.**

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Alan Miller.

DIGEST

SB 242 Engrossed

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Allain

Proposed law authorizes the State Mineral and Energy Bd. to include in any contract of lease entered into by the state, any state agency, or any political subdivision after 7/31/19, and in each previously executed lease entered into that is subsequently assigned, amended, or modified by agreement of the parties after 7/31/19, a clause which grants a continuing security interest in and to all as-extracted collateral attributable to, produced, or to be produced, from the leased premises or from lands pooled or unitized therewith, as security for the prompt and complete payment and performance of the lessee's obligation to pay royalties or other sums of money that may become due under the lease, as contemplated by the UCC.

Effective August 1, 2019.

(Adds R.S. 30:127(H))